

# BUDGET LETTER

		NUMBER: 02-09
SUBJECT: 2002-03 REDUCTION IN STATEWIDE POSITIONS	DATE ISSUED: May 17, 2002	
REFERENCES: PROPOSED SECTION 31.60, BUDGET ACT OF 2002	SUPERSEDES:	

TO: Agency Secretaries  
Department Directors  
Departmental Budget Officers  
Departmental Accounting Officers  
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

**Budget Officers are Requested to Forward a Copy of this Budget Letter to Departmental Human Resources and Labor Relations Officers.**

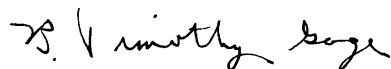
The 2002-03 May Revision proposes the elimination of at least 4,000 State positions (see attached Control Section 31.60 language). The purpose of this reduction is to eliminate positions in order to reduce excess vacancies and achieve program reductions.

**By July 1, 2002**, each Agency Secretary (and if no Agency Secretary, the appropriate authority, e.g., department director), must prepare and submit a detailed plan of position and associated dollar reductions. Each Agency plan must identify reductions totaling at least **5 percent** of all authorized positions per the 2002-03 Governor's Budget. Each Agency will be responsible for making the allocation of specific reductions to departments within the Agency. These plans must be submitted by the deadline regardless of the timing of the enactment of the 2002-03 Budget.

Another Budget Letter (BL) with detailed instructions regarding the plans and process (including requests to retain funds) will be issued soon. The Department of Finance will review, revise, and approve the reduction plans. The reductions in positions and dollars will be reflected in the 2003-04 Governor's Budget. In January 2003, Finance shall provide a report to the Joint Legislative Budget Committee and the budget committee in each house identifying the allocation of reductions in positions and dollar amounts.

This reduction applies to all State departments unless specifically exempted in this Control Section. Departments refer to any department, agency, board, bureau, commission, or other organizational unit of State government (including Proposition 98 programs) that are empowered to appoint persons to civil service positions. Exempted departments include the Legislature, Judiciary, Public Employees' Retirement System, State Teachers' Retirement System, University of California, California State University, California State Lottery Commission, and the State Compensation Insurance Fund. However, the exempted departments are encouraged to consolidate activities and implement efficiencies in order to eliminate positions.

If you have any questions regarding this BL, please contact your Finance budget analyst.



B. TIMOTHY GAGE  
Director

Attachment

**Control Section 31.60**  
**To Control the Growth of State Government**

SEC. 31.60. Notwithstanding any other provision of law, the Director of Finance shall abolish 4,000 positions from departments including all boards, commissions, departments, agencies, or other employment authorities of the State, as determined by the Director of Finance. The Director of Finance shall allocate the necessary reductions required by this section based on detailed plans submitted by the agency secretaries, and if no agency secretary, by the appropriate authority.

In order to minimize disruptions in existing programs and activities, the agency secretaries or other appropriate authority shall consider first all programs and activities that have chronically experienced excessive vacancy levels, as determined by the Director of Finance.

All reductions allocated by the Department of Finance pursuant to this section shall be specific reductions in positions. The plan shall categorize each reduction as to whether it eliminates resources in excess of those needed to carry out programs effectively or whether the reduction will have a programmatic effect, in which case the plan shall identify that effect. The plan shall identify the amount of reduction in salaries and wages, staff benefits, and the marginal reduction in operating expenses as a result of eliminating the positions. If a department requests that the actual reduction in the department's budget be less than the combined total of the reduction in salaries and wages, staff benefits, and the marginal reduction in operating, the department shall clearly identify and justify, based on past expenditures, why the budget reduction should be adjusted.

The Director of Finance is authorized to unallot and revert savings attributable to this section to the appropriate fund sources. Position reductions pursuant to this section shall be reflected and identified in the 2003-04 Governor's Budget. At the time that the 2003-04 Governor's Budget is submitted to the Legislature, the Department of Finance shall provide a report to the Joint Legislative Budget Committee and the budget committee in each house identifying the reductions allocated to each department, estimating the amount of associated savings, and describing the programmatic impact. For each reduction, the report shall identify the program or programs affected, how and when the reduction will be accomplished, and the effect of each reduction on program functions or services.

The Director of Finance shall not require that plans be submitted pursuant to this section for the University of California, the California State University, the Legislature, the Judiciary, or the State Compensation Insurance Fund, Public Employees' Retirement System, State Teachers' Retirement System, and the California State Lottery System, but these departments are encouraged to consolidate activities and implement efficiencies in order to eliminate positions.